

SOMFY

# Presentation of 2017 half-year results



6 SEPTEMBER 2017



## Overview of the first six months

# Highlights

- Strong sales growth
- Erosion in operating margin due to contextual and structural elements
- Integration of recent acquisitions (Myfox, iHome)
- Roll-out of the new strategic plan (Believe & Act)

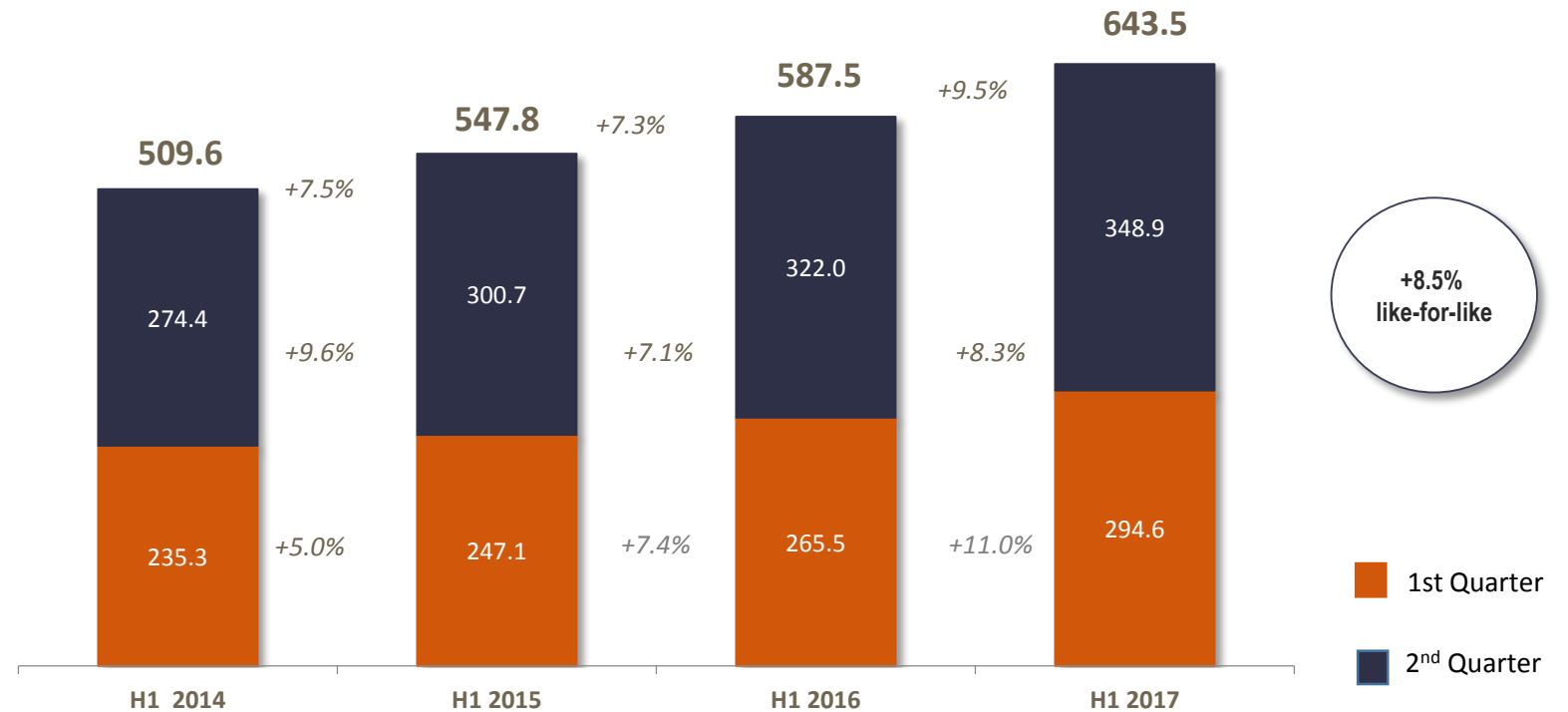


## Analysis of results

# Sales

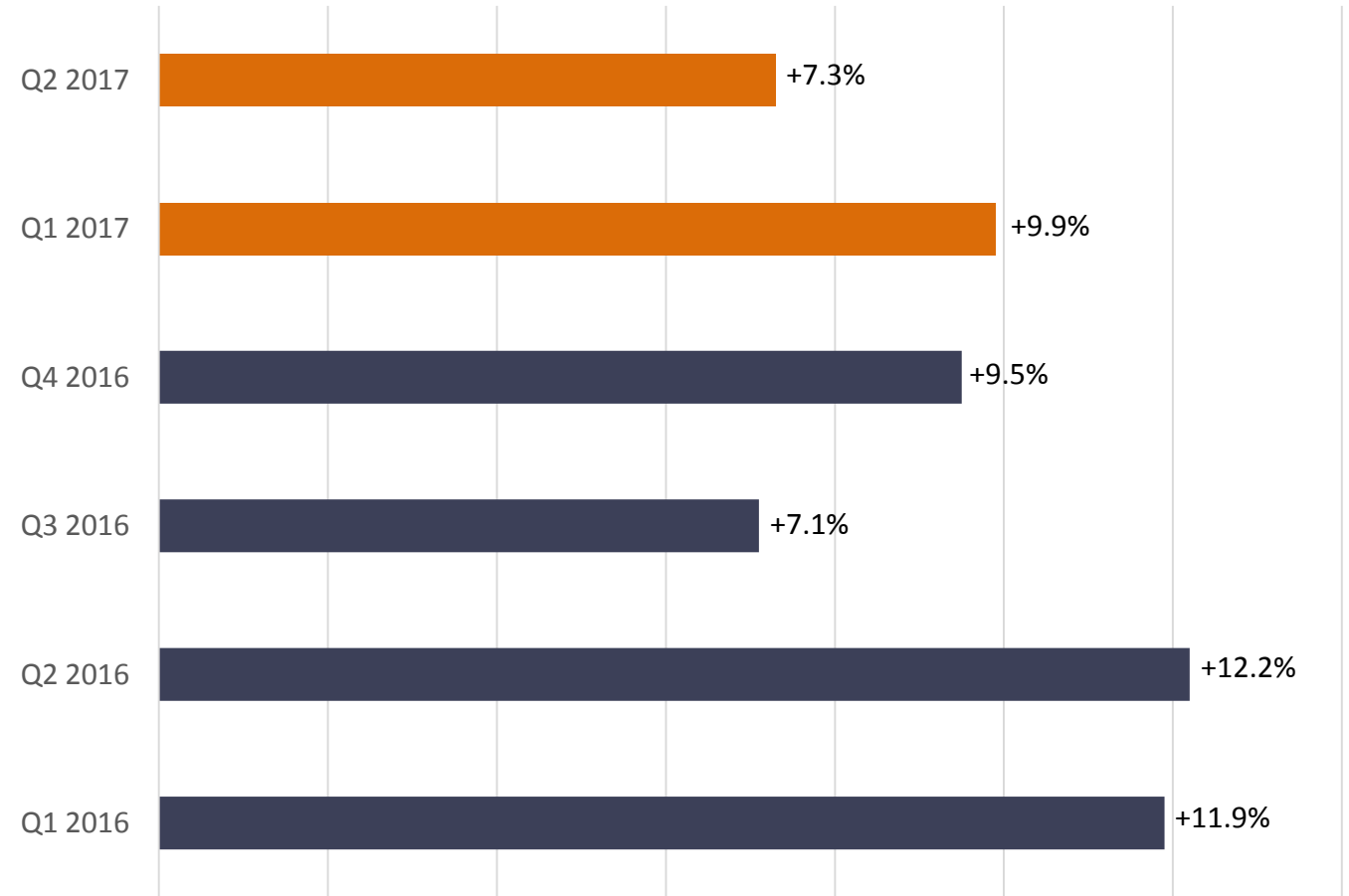
Consolidated data (€ millions)	30/06/2016	30/06/2017	2017/16 change
Sales	587.5	643.5	+9.5%

- Significant sales growth in the first quarter
- Trend continued in the second quarter



# Sales (continued)

- Several consecutive quarters of strong growth



Changes on a like-for-like basis (constant scope and exchange rates)

# Sales (continued)

Consolidated data (€ millions)	30/06/2016	30/06/2017	2017/16 change
Sales	587.5	643.5	+9.5%

+8.5%  
like-for-like



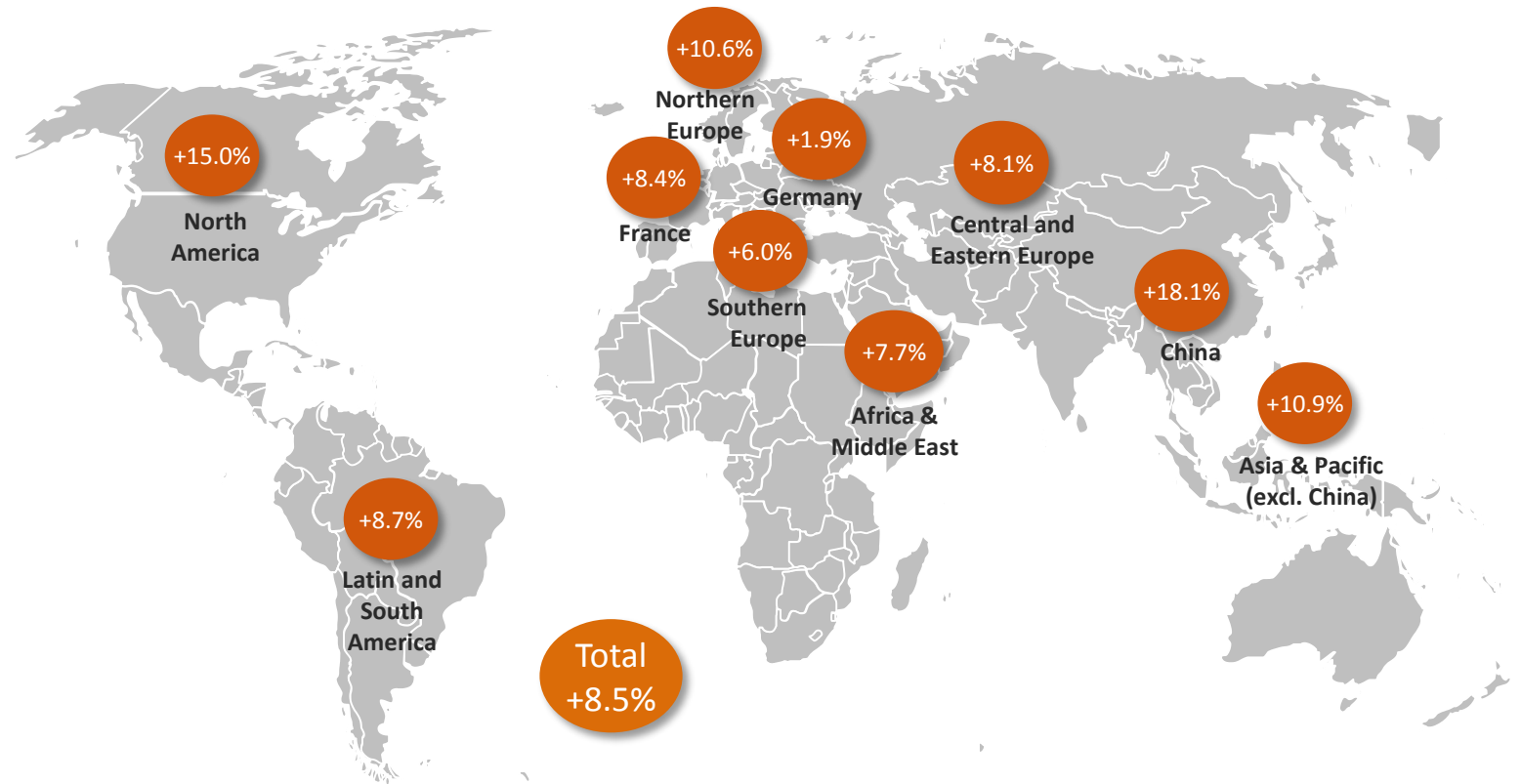
- Sustained sales growth in both volume and value terms
- Low exchange rate impact over the two quarters
- Significant scope effect due to the inclusion of Myfox and iHome



# Sales (continued)

- Historical markets held up well, with a significant upturn in France
- Moderate growth in Germany, due to a high comparison base and a negative calendar effect (2 fewer working days over the period)

## Performance across main regions



Changes on a like-for-like basis (constant scope and exchange rates)

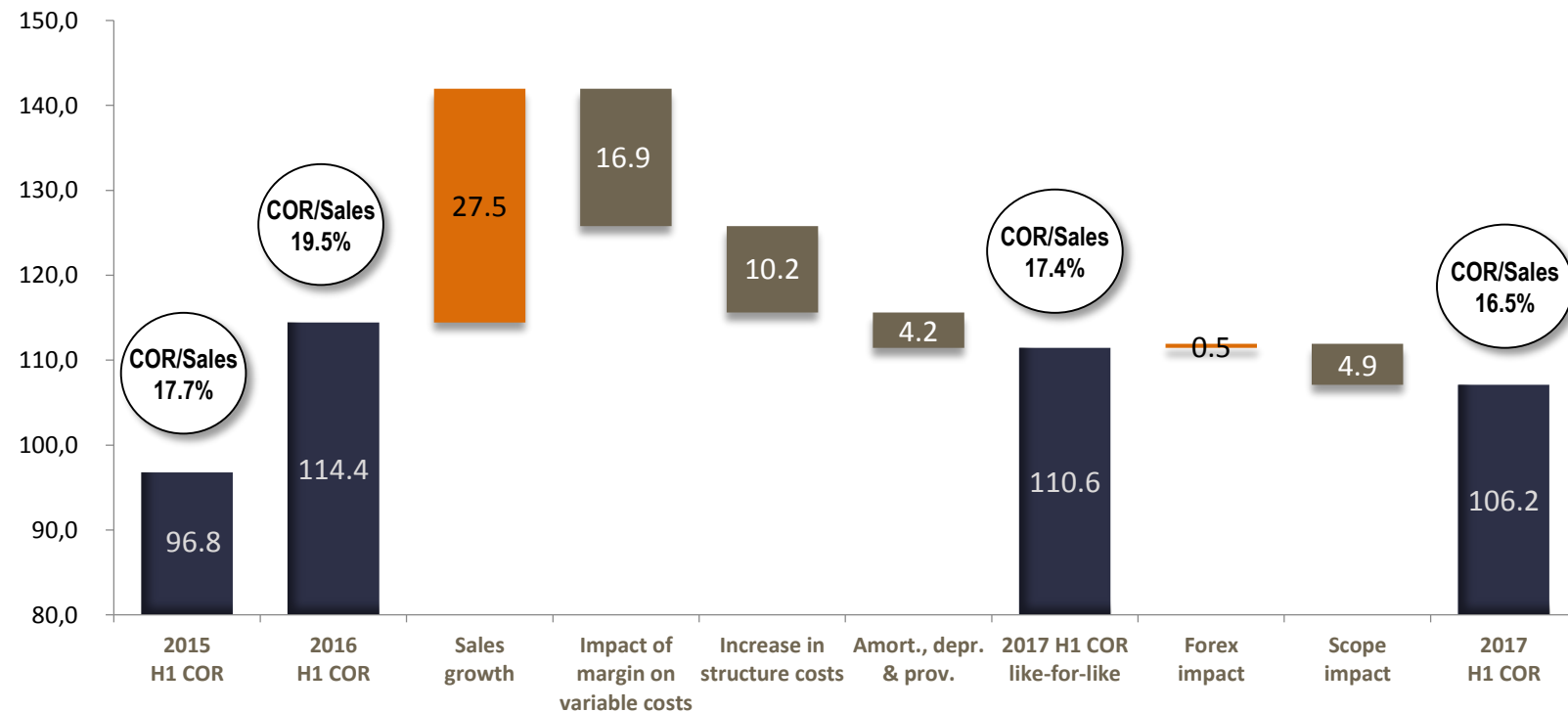
# Business overview

- An already high level of activity over the corresponding six months last year
- Substantial growth in all regions, except for Germany (unfavourable calendar effect)
- Strong growth in Asia-Pacific, America and Northern Europe
- Confirmation of positive market trend and good positioning of the group (products, ranges)
- Growing interest from customers in different regions of the world in automated and connected solutions for the home

# Current operating result

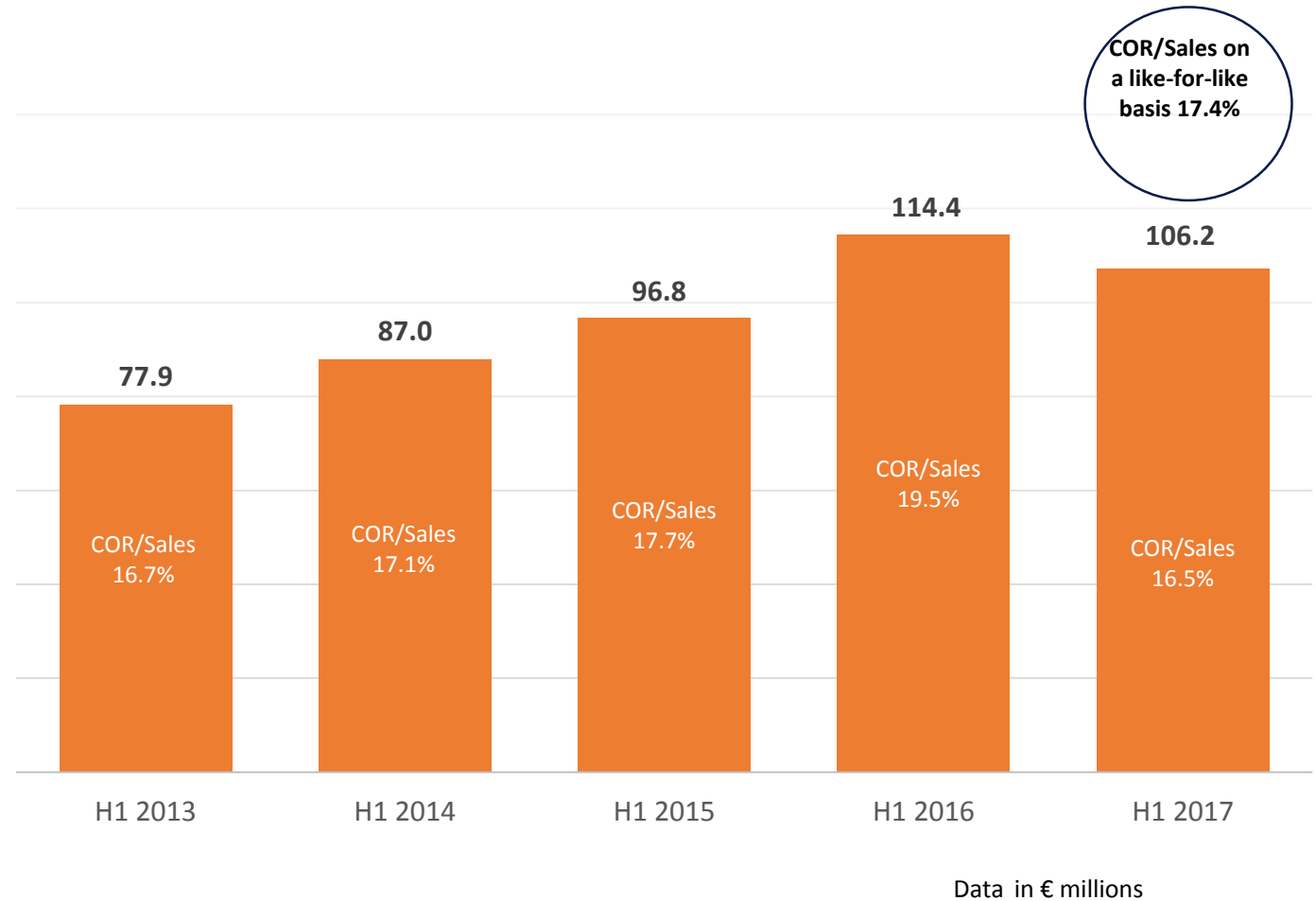
- High comparison base
- Significant negative impact of raw material prices
- Greater commercial aggressiveness in certain countries (market share gains)

Consolidated data (€ millions)	30/06/2016	30/06/2017	2017/16 change
Sales	587.5	643.5	+9.5%
Current operating result	114.4	106.2	-7.2%



# Current operating result (continued)

- High comparison base of H1 2016 (18.2% increase, up €17.6 m)



# Condensed income statement

Consolidated data (€ millions)	30/06/2016	30/06/2017	2017/16 change
<b>Sales</b>	<b>587.5</b>	<b>643.5</b>	<b>9.5%</b>
<b>Current operating result</b>	<b>114.4</b>	<b>106.2</b>	<b>-7.2%</b>
Non-recurring operating items	(0.2)	(0.3)	NS
Financial items	0.0	(5.3)	NS
Income tax	(21.5)	(16.5)	-23.5%
Contribution of equity-accounted companies	0.0	(0.2)	NS
<b>Consolidated net profit</b>	<b>92.7</b>	<b>84.0</b>	<b>-9.4%</b>

# Overview of results

- Sustained sales growth
- Erosion in the gross margin due to contextual and structural elements
  - Historically high reference base
  - Rebound in raw material prices
  - Aggressive commercial strategy
- Impact of the integration of newly-acquired companies
- Contained rise in general expenses within a context of increased strategic investments

# Condensed cash flow statement

Consolidated data (€ millions)	30/06/2016	30/06/2017
Cash flow	108.8	109.0
Change in working capital requirements	(66.4)	(62.6)
Other cash flows	0.3	0.5
<b>Net cash flow from operating activities</b>	<b>42.7</b>	<b>46.9</b>
<b>Net cash flow from investment activities</b>	<b>(24.2)</b>	<b>(29.0)</b>
<b>Net cash flow from financing and capital activities</b>	<b>(55.2)</b>	<b>(37.5)</b>
Impact of changes in foreign exchange rates	(1.7)	(1.7)
<b>Net change in cash and cash equivalents</b>	<b>(38.4)</b>	<b>(21.3)</b>

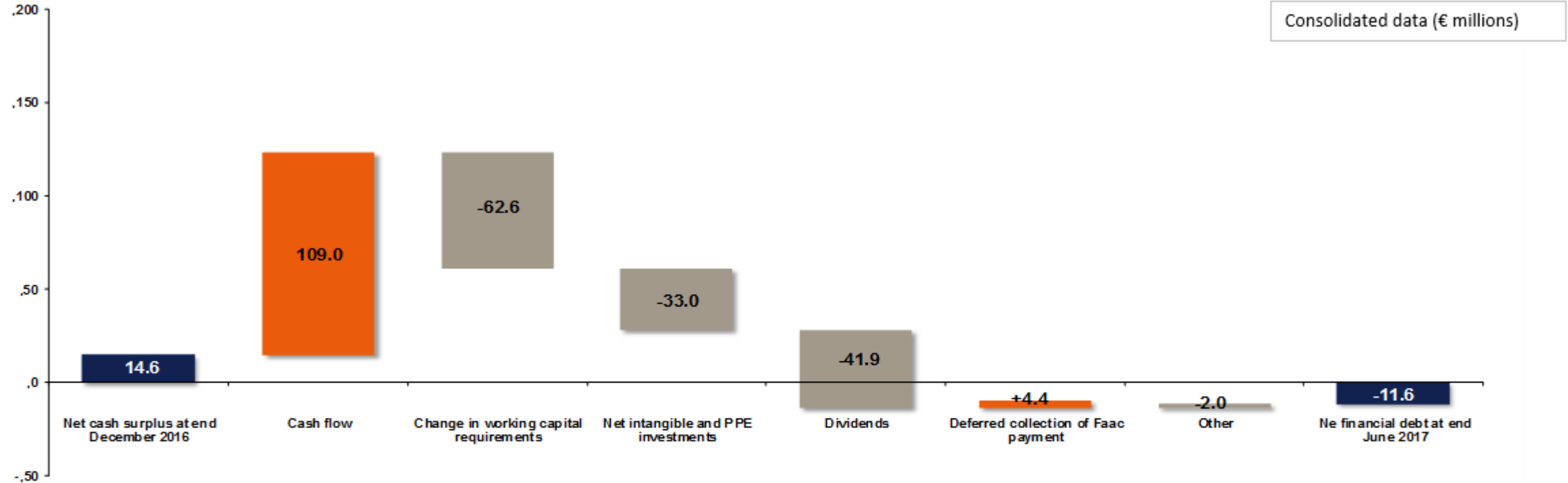
# Condensed balance sheet

Consolidated data (€ millions)	30/06/2016	31/12/2016	30/06/2017
<b>Equity</b>	<b>619.0</b>	<b>657.9</b>	<b>695.0</b>
Long-term borrowings	14.2	36.3	35.8
Provisions and retirement commitments	38.1	40.0	36.5
Other non-current liabilities	37.9	38.5	38.7
<b>Permanent capital</b>	<b>709.3</b>	<b>772.8</b>	<b>806.0</b>
Goodwill	179.9	205.6	202.8
Net non-current assets	286.6	303.5	310.5
Other non-current assets	59.9	48.0	48.5
<b>Working capital</b>	<b>182.9</b>	<b>215.7</b>	<b>244.3</b>
<b>Working capital requirements</b>	<b>192.8</b>	<b>164.3</b>	<b>219.6</b>
<b>Cash and cash equivalents</b>	<b>(9.9)</b>	<b>51.4</b>	<b>24.7</b>
<b>Net financial debt</b>	<b>24.6</b>	<b>(14.6)*</b>	<b>11.6</b>

\* Negative net financial debt due to net cash surplus



# Net financial debt/surplus



- Investments and change in working capital requirements covered by cash flow generation

# Overview of financial position

- Cash flow maintained at a high level
- Limited increase in working capital requirements
- Increase in growth investments
- Low level of net financial debt (gearing ratio below 2%)

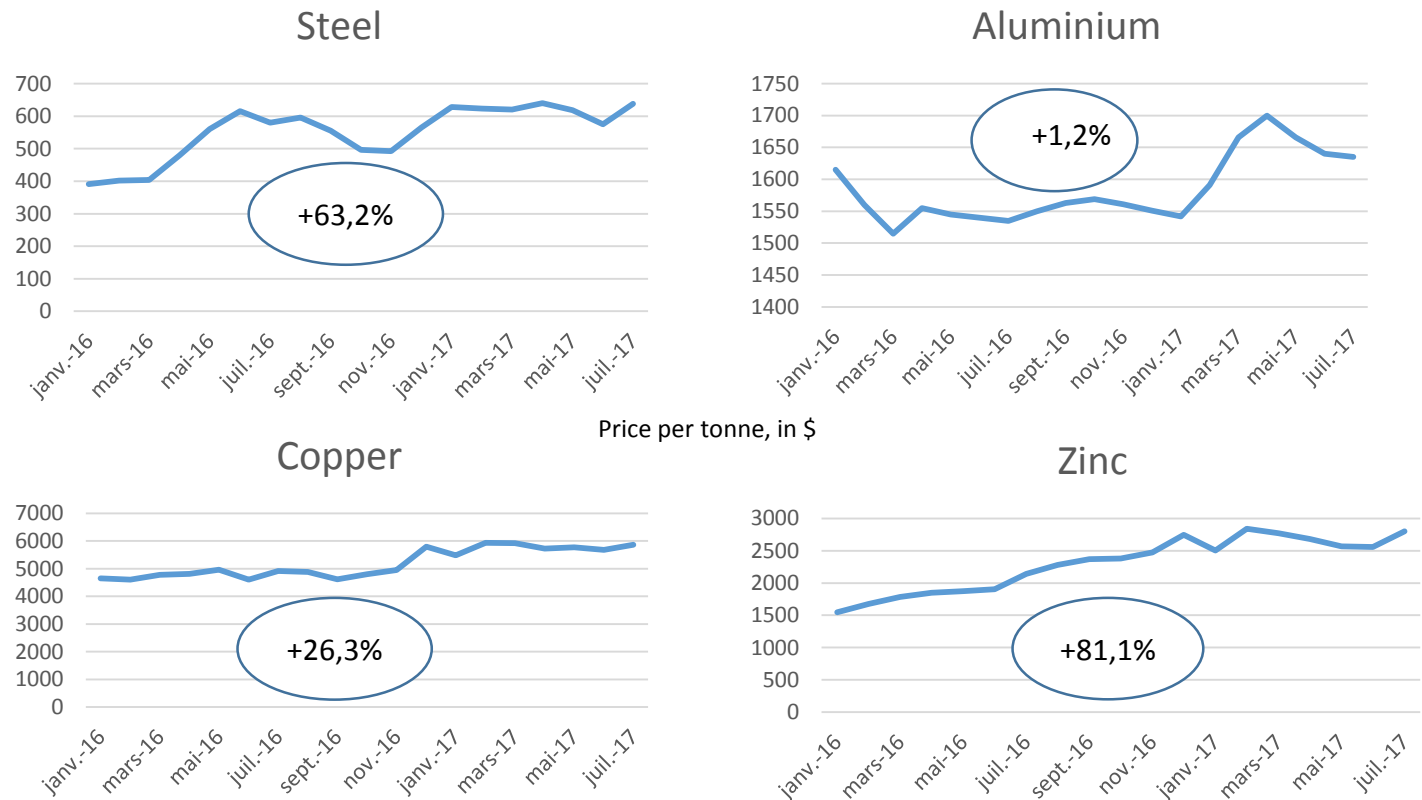


## Recent events

# Raw material prices

- Sharp rise in metal prices due to tightening supply and increased demand
- Significant impact on H1 operating profit

Change in prices between January 2016 and July 2017



# Market conditions

- US
  - Development of the market for residential interior motorised blinds
  - Growing interest in standalone, integrated solutions
  - Buoyant short distribution channels
  - Fall in the price of motors
- Europe / France
  - Strong recovery in the French market
  - Increasingly widespread motorisation of roller shutters and solar protection
  - Development of connected solutions for the home
  - Growing momentum of new distribution channels
- China
  - Consumer interest in curtain motorisation
  - Automation rate of roller shutters still low

# Integration of Myfox

- Company acquired in October 2016
- Combination of strong sales growth and operating loss over the first half-year (doubling of sales and current operating loss of €3.9 million)
- High, yet expected and controlled, level of integration costs
- Increase in marketing budgets and research and development investments
- Improvement in customer understanding and digital expertise
- Success of first joint projects

# Launch of the Somfy One solution

- All-in-one security system for the home (camera, sensor, alarm, etc.)
- Initial launch of Myfox under the Somfy brand and of the Somfy Protect range
- Wide range of features (remote surveillance, call-out, local storage, etc.)
- Compatibility with IFTTT standard and Nest and Amazon Alexa solutions
- Operation via mobile applications available on Android and IOS
- Received two Innovation Awards at CES Las Vegas in January 2017
- Market launch in Europe in the second quarter





## Full-year outlook



# Context for the second half-year

- Market conditions remain favourable with an improvement expected in Germany
- High comparison base in several regions
- Ongoing scope and raw material price effects
- Continued roll-out of the Believe & Act strategic plan
  - Closer to our end users
  - Bolder on the interior market
  - Stronger on operational excellence
  - Better together
- Analysis of development and expansion opportunities (acquisitions, partnerships)

SOMFY<sup>®</sup>